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SENSITIVE
SIPDIS

FOR PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMCSG](#) [IS](#)
SUBJECT: RESPONSE TO BLUE LANTERN LEVEL 3 POST-SHIPMENT
CHECK ON LICENSE 994633

REF: STATE 17025

1. (SBU) Summary: Per reftel, polmiloff and Foreign Commercial Service (FCS) senior commercial specialist visited A.D. Consultants, Ltd, on March 18 at its offices in Nes Ziona, a small city approximately 15 miles south of Tel Aviv. A.D. Consultants President and CEO Gaby Peretz, his deputy General Manager Max Abitbul, and Peretz's son Ori -- a project manager for A.D. Consultants -- briefed on the company's background and business activities. Kobi Fogler from the Directorate of Security Defense Establishment (MALMAB) attended on behalf of the Israeli MOD. Peretz was relatively open regarding his company's business practices in Africa, and possessed proper supporting documentation for what appears to be a legitimate transaction with the Senegalese Air Force. Additional background on A.D. Consultants via FCS records is included in para 8. End summary.

2. (SBU) Peretz began with a PowerPoint presentation regarding A.D. Consultants (AD Con), which he owns and founded in 1987. He said his family owns 14 different companies located in Israel, France, Belgium, and Cyprus. According to Peretz, AD Con specializes in consulting, marketing supply, delivery, installation, training and after-sales service in the military, communications, computerization, and energy fields. He stated that AD Con deals in military and security equipment under special authorization from the Defense Export Control Directorate (API) of the Israeli MOD and the U.S. Directorate of Defense Trade Controls (Registrant Code K-2024). Peretz claimed AD Con is the "exclusive worldwide agent" of several military and security equipment suppliers, dealing with large government and privately-owned companies throughout the world, including Bulgaria, Indonesia Romania, Russia, Serbia, and Ukraine. Peretz noted that AD Con procures "very little" in the United States, primarily due to cost. He said most procurement is made through suppliers in Eastern Europe, where the prices are cheaper.

3. (SBU) Peretz listed Burkina Faso, Burundi, Cameroon, the Republic of Central Africa, Chad, Gabon, Niger, Nigeria, Rwanda, and Senegal as his African clients. He added these countries were not corrupt, and therefore the only ones with which he would do business. Asked for an example of how his business works, Peretz explained that he recently supplied Burkina Faso with mobile multi-launch rocket vehicles, in which the vehicles were procured in Russia, the rockets and launchers from Romania, and the communications equipment from the Czech Republic.

4. (SBU) Turning to reftel transaction with the Senegalese Air Force, Peretz stated that AD Con operated on behalf of Senegal. He noted that AD Con has participated in all of the API's mandated technology transfer conferences, and has appointed a compliance officer to ensure AD Con conforms to necessary technology transfer regulations. While a brokering law is not yet in force in Israel, Peretz stated that AD Con registered as brokers and applied for a brokering license in order to conform with U.S. laws. He added that AD Con has appointed an ITAR expert (Karl W. Abendschein, 1101 Seventeenth Street, N.W., Suite 1100, Washington, D.C., 20036-4798; tel: 202-293-5555) from Berliner, Corcoran & Rowe, L.L.P., to represent AD Con on these matters.

5. (SBU) Peretz explained that AD Con procured for Senegal three AN/ARC 182 (v) Radio sets from Columbia Electronics International, Inc., in February 2006. The radio sets were shipped to Senegal in June 2006. Peretz possessed the purchase order, the invoice, the DSP 83 approved by the Senegalese Ministry of Foreign Affairs, the export license with an attached letter from the Directorate of Defense Trade Controls containing limitations and provisos, and the air waybill. Peretz also displayed digital photos of the equipment installed on helicopters; he noted that the Senegalese installed the equipment. He reported that one of

the sets of radio equipment had malfunctioned, and that AD Con planned to return the set to Columbia Electronics, but that it was "not a priority."

16. (SBU) When asked regarding AD Con's secure facilities and security procedures for handling sensitive USML items, Peretz stressed that AD Con at no point took possession of the U.S. equipment. Rather, a local AD Con representative accompanied a representative of the Senegalese Air Force to the airport

upon arrival of the shipment -- the Senegalese Air Force representative took direct possession of the shipment, Peretz said; AD Con acted only as an intermediary.

17. (SBU) Peretz was well aware of restrictions related to USML items, including the prohibition of unauthorized re-transfers and re-exports. He described the ITAR as "complicated, but necessary." He cited two examples in which AD Con had been offered business but had declined due to concerns of violating U.S. export regulations. The first example involved a request from Burkina Faso to procure U.S. communications gear and 105 recoilless rifles from Libya, which apparently had been supplied to Libya by the USG at some point when relations between the two countries were more amicable. Peretz said he turned the offer down. As a second example, he noted that he was "close friends" with Mohammed Nour Abdelkerim, the former Defense Minister of Chad. Despite the personal relationship, Peretz said AD Con has decided not to pursue business opportunities with Nour.

18. (SBU) FSC - Tel Aviv has the following information for A.D Consultants, Ltd., on file following an industry visit by our Senior Commercial Specialist on behalf of Derco Aerospace, Inc., in November 2007:

-- AD Con was established in 1987, and registered as a private limited company on August 2, 1987 under number 51-121613-7. All company shares are owned by Oforid Holdings; AD Con has approximately 40-50 employees.

-- AD Con is a small service company involved in sales, project development and turnkey projects in approximately 15 African countries. The projects cover a range of products, ranging from real estate to power projects, and from military uniforms, arms, and electronic equipment to naval ships and helicopters. AD Con is a family business, and does not represent any foreign firms.

-- AD Con is wholly owned by Oforid Holdings, Ltd., which in turn is owned in equal shares by Gaby Peretz and his spouse Ahuva Peretz. Gaby Peretz holds one hundred percent of the management shares of AD Con. Oforid Holdings, Ltd., further owns one hundred percent of the shares of Oforid Investments, Ltd., established in 2003 to invest the family's profits from their business activities. It also owns ninety percent of Galint, Ltd., a company established in 1998 to develop telecom-related projects. In addition, Mr. Peretz operates two private companies in Belgium and France. These companies are mainly involved in supplying equipment to African governments in the framework of offset procurements required by the French and Belgian governments in their foreign aid programs.

-- AD Con's owner and CEO Gaby Peretz was born in Morocco, and came to Israel with his parents at the age of five. In 1987, after a 19-year military career in the Israeli Air Force (IAF), Mr. Peretz retired as a battalion commander with the rank of Lt. Colonel. He established A.D. Consultants, Ltd., with the intention of representing foreign defense companies in Israel. However, after he was introduced to Togo leadership through a chance meeting with the incoming Togo Ambassador to Israel, he realized the potential of business opportunities in Africa and began to focus his activities there. AD Con gained the confidence of African leaders and began to specialize in project development. Peretz's ability to speak French contributed much to his activities in Francophone Africa. Peretz is currently the Honorary Consul of Burundi in Israel. In 2007, AD Con was active in Togo, Burkina Faso, Gabon, Mali, Senegal, Sierra Leone, Cameroon, Niger, Chad, Nigeria, Mauritania, the Republic of Congo, Rwanda, Burundi, and the Democratic Republic of Congo. The company's activities are approximately 55 percent defense-related and 45 percent civilian.

-- AD Con's government contacts -- as well as the leaders of African countries in which the company is active -- inform it about upcoming projects and business opportunities. Thus, if a country desires to buy a certain defense system, AD Con will be invited to learn the details of the required system from the decision makers. The company then hires the services of a consulting company to develop a technical and commercial proposal, and submits its proposal to the decision makers. If the proposal is accepted -- and a contract is signed -- AD Con will then locate major defense manufacturers

in Eastern Europe, Russia, or South Africa, and hire a subcontractor to manage the project. In many cases, the contracts will be long-term and include training, maintenance, and support services.

-- AD Con employs a staff of about ten people in Israel. Mr. Max Abitboul, a former maintenance squadron commander at the IAF with 27 years of service in the Israel Defense Forces (IDF), joined AD Con in September 2004. Abitboul is Peretz's deputy in the management of the company. Another 30-40 people are on AD Con's payroll in African countries for maintenance services. The origin of the employees is dependent on the source of the equipment. For example, if the equipment is Russian-made, the maintenance staff for the equipment will most likely be Russian.

-- AD Con occupies 600 square-meter rented office space in a new commercial building located in Nes Ziona's Science Park. New Ziona is a small city 15 miles south of Tel Aviv. The company moved to its current location in September 2007.

Visit Embassy Tel Aviv's Classified Website:
<http://www.state.sgov.gov/p/nea/telaviv>

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